

STATE OF NEVADA  
GAMING CONTROL BOARD  
MINIMUM INTERNAL CONTROL STANDARDS

**ENTERTAINMENT**

Note 1: Pursuant to Regulation 13.050(1) and (2), the person or entity who is the licensee of the licensed gaming establishment where music and dancing privileges or any other entertainment are provided is responsible for the payment of the casino entertainment tax even if some other person or entity is affording entertainment subject to the tax on the premises of the establishment.

Note 2: Pursuant to Regulation 13.050(3) if a person or entity other than the licensee offers entertainment subject to the casino entertainment tax on the licensee's premises, the licensee must keep all records required by NRS 463 and Regulations 6 and 13. Alternatively, the licensee may require the person or entity that offers the entertainment to keep such records, as long as the records are provided to the Board upon request in a timely manner.

***Entertainment Sales Controls***

Note: MICS #1 through #9 apply to all sales in areas subject to casino entertainment tax.

1. All sales are recorded in such a manner as to be readily identifiable by individual sale, in total, and by area for applicable periods of entertainment status. For sales recorded in a computerized point-of-sale system, the date/time and transaction number is also recorded for each individual sale.

Note: For computerized point-of-sale systems that classify sales by only the date/time checks are opened and closed, documentation is maintained identifying individual sales made during casino entertainment status. If a point-of-sale system does not provide the required information, it may be necessary to close all open checks at the start and end of entertainment status.

2. Each individual sale is identified by type (i.e., taxable, nontaxable and complimentary).
3. The internal cash register tape or point-of-sale information is inaccessible to bartenders/cashiers (e.g., keys/passwords are maintained by an individual independent of these functions).
4. All cash register/ or point-of-sale system overruns or admission ticket voids require the authorization and verification of the shift supervisor or another individual independent of the transaction.
5. All food, beverage, and admission complimentarys that are offset against gross sales subject to casino entertainment tax and all refunds on such sales require the authorization of appropriate personnel designated by management.
6. The authorization of all refunds are documented and maintained to support the amount of refunds on sales subject to casino entertainment tax.
7. The computation of cash proceeds for each bartender/cashier is documented, verified, and signed by at least two employees.
8. The bartenders'/cashiers' banks are reconciled to the entertainment sales documentation, with an investigation being performed into large cash overages or shortages.
9. Show admission tickets are safeguarded, and appropriate procedures are employed in the distribution, use and control of same.

***Package Programs and Discount Show Tickets***

Note: Any package program or discount show ticket that includes an item subject to the casino entertainment tax is subject to MICS #10.

10. If package programs and/or discount show tickets are used, the following documentation is maintained:

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- a. Copies of the package programs, discount show tickets, fliers, and price breakdowns.

Note: For licensees that elect to pay casino entertainment tax on retail, price breakdowns are not required for package programs.

- b. Effective dates of the above items.
- c. Number of packages/tickets sold by type.
- d. Retail price of each item in the packages (a reasonable monthly estimate/average will be acceptable).

- 11. Each time a change is made to a package program that affects the taxable elements within the package, the accounting department verifies that the breakdown is in compliance with Regulation 13 and that entertainment taxable revenue is properly computed and included in reported entertainment sales.

Note: This standard applies only to licensees that elect to pay casino entertainment tax on discount, rather than retail, amounts.

***Accounting/Audit Standards***

- 12. Daily, the dates and time periods during which taxable entertainment was provided are documented and reconciled to the periods during which entertainment sales were reported as indicated pursuant to MICS #1 and #2.

Note: The above information may be documented by a department other than accounting.

- 13. Daily, a breakdown of gross sales into taxable and nontaxable components for each date and time period is prepared that summarizes the total of sales by type (using documents as required by MICS #1 and #2).
- 14. Daily, entertainment contracts, if used, are reviewed and reconciled to the periods during which entertainment sales are made.

Note: A reconciliation is not necessary for locations with a consistent and routine showroom/lounge entertainment schedule which is documented and retained.

- 15. Monthly, accounting/audit personnel observe all areas of the licensed gaming establishment (including any facility operated by another person or entity) at varying times of the day and night to ensure that each area subject to casino entertainment tax is reporting sales as casino entertainment revenue. Document the date, time and areas of the gaming establishment observed along with the determination as to whether or not the area is subject to casino entertainment tax along with the reasoning for the determination.

Note 1: The observation should include areas such as convention facilities, meeting rooms, restaurants, outdoor and temporary facilities that have food, beverage and admission sales. The observation of these areas can be performed through recorded or live surveillance.

Note 2: This standard does not apply to areas in which all sales are reported as casino entertainment revenue.

- 16. If less than 2,750 tickets are sold for an event held in a facility with a maximum seating capacity of 2,750 or more persons, and the event is determined to be nontaxable, records are maintained supporting the nontaxable status.
- 17. Records are maintained to support deductions from entertainment revenue associated with credit/debit card fees paid to credit card companies and associated with fees paid to wholesalers.

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Note 1: Only credit/debit card fees that are specifically identifiable with entertainment taxable sales for entertainment at the licensee's establishment and which are actually paid to, or retained by, the credit/debit card company may be deducted. The specific dollar amount of credit/debit card fees, not an estimated amount, actually paid or retained by each applicable credit/debit card company for entertainment taxable sales is documented and maintained.

Note 2: For entertainment taxable sales transacted by another licensee and where the sale and associated credit/debit card fees are reported by the licensee that offers the entertainment, records are maintained indicating the specific dollar amount of credit/debit card fees, not an estimated amount, actually paid or retained by each applicable credit/debit card company to support deductions from entertainment revenue.

18. Records are maintained to support deductions from entertainment revenue associated with complimentary sales, including hotel folio complimentary sales.

Note: Only complimentary sales supported by documentation evidencing the initial sale and subsequent authorized complimentary status can be deducted from reported entertainment sales. The documentation should include the specific dollar amount, and not an estimated dollar amount, of complimentary sales deducted from reported entertainment sales.

19. Food and beverage summaries are reviewed daily to verify the propriety of complimentary charges.
20. Recording procedures for entertainment sales (see MICS #1 and #2) are monitored for correctness at least monthly by someone independent of those procedures.

Note: For areas of entertainment that are not always in entertainment status, point-of-sale procedures and controls are tested to ensure that all sales during entertainment status are properly classified as entertainment sales.

21. All entertainment period sales, including complimentary sales, are summarized and posted to the accounting records.
22. For locations with non-computerized entertainment sales systems, all cash register tapes are reviewed to ensure the register was totaled/subtotaled properly.
23. For each entertainment area, including leased venues, at least annually accounting/audit personnel select one day and foot individual sales subject to casino entertainment tax on the cash register tape or the computerized system transaction report and trace the total to the total on the tape/system. Documentation (e.g., spreadsheet/calculator tape) evidencing performance of this procedure, and any variances noted, is maintained.

Note 1: Board approved software may be used to comply with this standard.

Note 2: This standard does not apply to ticket sales generated through a wholesale ticket distributor.

24. At least quarterly, accounting/audit personnel review admission tickets for each entertainment area for compliance with the provisions of Regulation 13.050(5). A sample of each type of ticket is maintained.
25. Monthly, accounting/audit personnel reconcile casino entertainment taxable revenue from the accounting records to the monthly NGC tax returns. This reconciliation is documented and maintained. All variances are reviewed, documented, and maintained.
26. If casino entertainment taxable sales are reported on an accrual basis (i.e., an advanced admission sale is reported in the month of the show/event rather than the month the sale occurred), the following documentation is maintained and audit procedures are performed:
- a. A daily admission ticket sales report that includes the date the admission ticket was sold, the name of the

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show/event for which the admission ticket was sold, an identifying number for each ticket sale transaction and the dollar amount of the sale.

- b. A report by show/event indicating the individual admission tickets sold for that show/event. This report indicates the name of the show/event, date the admission ticket was sold, the identifying number of the admission ticket sale and the dollar amount of the sale.
  - c. Monthly, for one day, accounting/audit personnel will perform procedures to ensure that admission tickets sold for a future show/event were properly included in reported casino entertainment tax revenue on the day of the show/event, using the documents in (a) and (b).
27. Documentation (e.g., log, checklist, notation on reports, and tapes attached to original documents) is maintained evidencing the performance of entertainment audit procedures, the exceptions noted and follow-up of all entertainment audit exceptions.